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SUBJECT: Fujian Cross-Straight Scholars Predict Referendum Passage and Strong PRC Reaction

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¶1. (SBU) Summary: The referendum on Taiwan joining the UN is likely to pass with possible serious consequences, according to cross-Straight scholars in Fujian's Xiamen and Fuzhou cities. They are concerned about actions Taiwan President Chen Shui-bian will take in the remaining months of his term and called on the U.S. government to keep him in check by not supporting any provocative actions. The scholars variably predicted a close presidential election; regardless of the outcome, however, they were, for the most part, pessimistic about its implications for cross-Straight relations, especially whether either Ma Ying-jeou or Frank Hsieh would be able to move forward even on economic measures like the three links that could well benefit both sides. End summary.

Predicting Referendum Passage and...

¶2. (SBU) Scholars at Fujian's top cross-Straight research institutions agreed in meetings with Embassy and Congenon in late November that the referendum on Taiwan joining the UN under the name of "Taiwan" was likely to pass. Wu Nengyuan, Director of the Institute of Modern Taiwan Studies (IMTS) at the Fujian Academy of Social Sciences, told us November 27 that it was almost certain that the UN referendum would pass after the "one-step" voting system was approved. He argued that most Taiwan voters would not be sophisticated enough to understand the referendum's implications for cross-Straight relations and the likelihood that Beijing would interpret passage as an act of "de jure independence." On November 29, Liu Guoshen, Director of the Taiwan Research Institute (TRI) of Xiamen University and one of the scholars most often consulted by Beijing for analysis of Taiwan intentions, commented that neither Beijing nor Washington could prevent the UN referendum from going forward.

...a Strong PRC Reaction

¶3. (SBU) Liu also speculated that passage of the referendum could result in a strong PRC reaction, pointing to a State Council statement that passage of the UN referendum would be an act of "de jure independence." Liu said that whether or not passage would result in a military conflict depended on the Chinese leadership's ability to resist pressure from the Chinese public. In response to a question on whether Beijing had already decided that the referendum's passage would meet the conditions for "non peaceful means" in the 2005 anti-secession law, Liu said that Beijing has not explicitly made this linkage, partly because it did not want to give Chen Shui-bian decision-making power over Beijing's actions.

Warnings on Chen Surprises

¶4. (SBU) The greatest danger lies in the Democratic Progressive Party's (DPP) perception that Beijing will not take military action, according to Liu. He fears that Chen Shui-bian will try to garner deep Green support by provoking Beijing, possibly by creating an incident near the middle line of the Taiwan Strait. He suggested a military clash between the two sides was possible in the spring.

¶5. (SBU) Continuing with "worst" case scenarios, several of our interlocutors speculated that Chen Shui-bian would attempt various political maneuvers over the next several months to help the DPP or even stay in power beyond the election. The conflict in Taiwan over the DPP's one-step voting procedure and possible KMT defiance provides an opportunity for Chen to make such an attempt. Li Peng, Assistant Director of Xiamen's TRI, believes that Chen really wants to impose martial law, a threat he had made and then withdrew in the days before the October 30 meeting. However, Li acknowledged that political conditions within Taiwan would probably prevent such an act and the United States government would not accept it. Chen might try other non-democratic means, however, like calling up the military to prevent them from voting as he did in 2004. IMTS's Wu said he would not be surprised if Chen imposed martial law next year.

Call for Strong U.S. Involvement

¶6. (SBU) Scholars were also united in their call for the U.S. government to continue to play an active role in keeping possible provocation by Taiwan in check. TRI's Liu noted that the U.S.

government's public opposition to the UN referendum had made Beijing more confident and allowed it to lower the tone of its rhetoric on cross-Straits issues. The U.S. government should let the DPP know the "danger of playing with fire," he said. Wu called on the United States to send a clearer message to Taiwan. He argued that weapons sales give the Taiwan people the wrong impression of the U.S. role in the Strait.

A Close Presidential Election

¶7. (SBU) Although they are confident that the Kuomintang (KMT) will win a majority of seats in January's Legislative Yuan election, scholars were unwilling to predict a winner in March's presidential election. Wu expects the KMT to win 60-70 seats. Zhang Wenshang, head of TRI's political section, offered a similar prediction: 65-70 for the KMT and 35-40 for the DPP.

¶8. (SBU) However, on the presidential election, TRI's Liu would only say that, even though the KMT's Ma Ying-jeou leads in polls by 15 percentage points, the DPP's Frank Hsieh had a better chance than Ma, particularly because the DPP is very good at campaigning. Wu said the key would be voter turnout, noting that the DPP is good at mobilizing voters and Green supporters generally have a higher turnout rate.

Implications Unclear

¶9. (SBU) The scholars differed on the likely impact of a Ma or Hsieh victory on cross-Straits relations. Wu was the more pessimistic, predicting that even if Ma wins, it is not clear that he will be able to implement the three direct links. He argued that the DPP will create obstacles for Ma. In addition, Wu is not convinced of Ma's commitment to improving relations with Beijing, pointing out Qis demands that the PRC recognize the Republic of China, give Taiwan more international space, and withdraw its missiles aimed at Taiwan. Liu, on the other hand, expects that Ma will be able to push through three direct links. He also said cross-Straits communication would become easier in large part thanks to groundwork laid by former Chairman Lien Chan and other senior KMT officials.

¶10. (SBU) Hsieh faces the risk of opposition from both the light Green and deep Green factions of the DPP, according to Wu. Because Hsieh lacks control of the party, Wu believes he will find it very difficult to push through three direct links and further economic opening in the face of opposition from pro-independence fundamentalists. If Hsieh's victory is narrow, Wu predicted that he would find it difficult to resist Chen Shui-bian's influence. Furthermore, Wu speculated that if Hsieh follows a similar path to Chen it will lead to more severe tension in the Strait especially in the lead-up to the 2012 presidential election. Liu agreed that Hsieh would face many obstacles to implementing three direct links. He also commented that Beijing lacked confidence in Hsieh and would be unwilling to help his administration and strengthen the DPP.

Taishang Participation Not Decisive

¶11. (SBU) Wu told us that Taiwan investors in the mainland are unlikely to be much of a factor in the election. He predicted that few would return to Taiwan to vote because of the inconvenience of indirect cross-Straits flights. He also believes that Green supporters are more likely to make the effort to return, diminishing the KMT's electoral advantage among Taiwan investors. Wu speculated that KMT voters would account for 50-60 percent of Taiwan investors who return to vote. The president of Xiamen's Taiwan Business Association estimated that of a population of 70,000 Taiwan residents in Xiamen, about a third lean green, a third lean Blue and the rest are neutral. He guessed that of 800 members of his association, only 300 would likely return to Taiwan to vote.

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